



**North Carolina Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and Substance Abuse Services**

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Beverly Eaves Perdue, Governor
Lanier M. Cansler, Secretary

Steve Jordan, Director

August 9, 2011

MEMORANDUM

TO: LME Directors/LME Finance Officers

FROM: Wanda Mitchell, Financial Operations

RE: SFY 12 Final Continuation Allocation

Attached is the SFY 12 Final Continuation Allocation to Local Management Entities (LMEs). This allocation package includes the reductions enacted by the General Assembly for SFY 2011-2013 as well as the following information:

- SFY 12 Individual LME Allocations
- Attachment I: SFY 12 Cross Area Service Program (CASP) Funding
- Attachment IIa-d: SFY 12 Mental Health, Developmental Disability, Substance Abuse and Non-Disability Specific Program Reduction Funds
- Attachment III: SFY 12 Conference Report-Division Reduction Items
- Attachment IV: SFY 12 LME Funding Reduction Schedule
- Attachment V: SFY12 LME Monthly Fund Balance Report Form

Funding included in this communication consists of last year's SFY 11 "Final" Allocation amount as provided in a memo dated July 16, 2010, with adjustments for subsequent allocations made during SFY 11 noted as recurring increases or decreases. This is the starting point in determining each LMEs SFY12 allocation.

Similar to the severity of reductions in the last biennium process, we must again request service plans which outline these reductions in a manner designed to minimize the negative impact upon consumers and providers.

Please develop your plans for submission and review to the Divisions Financial Operations Office within three weeks of the date of this letter, August 31, 2011. Please submit your plan electronically to Jay.Dixon@dhhs.nc.gov.

The following criteria should be included in your service plan:

- LMEs **may not** reduce CASP funding, Mobile Crisis, Walk-In Clinic and DD START team funding.
- Reductions must be made in state dollars only, but in determining how to implement the reductions LMEs should consider the availability of federal service funds.
- The General Assembly directed the LMEs to use Fund Balance to offset the \$25M reduction in services (Sec 10.11.(d)).
- The General Assembly has encouraged LMEs to spend Fund Balance to minimize the impact on the \$20M reduction to services (Sec. 10.11.(e)). If your plan does not propose to use any fund balance or county funds for this purpose, a detailed explanation should be given as to why those funds are not available and the alternative purposes for which they have been committed.



- The plan should describe the planning process, including how consumers and families were included in the planning process in a meaningful way.
- The plan must include how the reductions will be distributed across each age/disability group. If the plan does not reflect a fairly proportionate reduction across age/disability categories, an explanation of the rationale for that decision should be included.
- The plan should include a description of any changes that will be made to the LMEs benefit plan, including any changes in target populations served, services that will be reduced or eliminated by target population, and how consumers currently receiving services that are targeted for reduction or elimination or are in target populations that may become more restricted will be transitioned to other services.

The reduction methodology used in this process was two-fold:

1. \$20M Reduction was allocated on a pro rata basis to LMEs based upon their total funding less CASP (including Mobile Crisis, Walk-In, and DD START).
2. \$25M Reduction was allocated on a pro rata basis using (a) Fund Balance from the June 30, 2010 audit for multi-county LMEs, (b) the June 30, 2010 Fiscal Monitoring Reports using appropriated versus actual expenditures of county funds for single county LMEs and (c) the result of the unreserved/undesignated fund balance review by the Division as directed by the General Assembly (Sec 10.11.(d)).

The monthly fund balance report (Attachment V) for SFY12 has been updated and included in this package. Please note the contact person has changed and an electronic version of the report should be e-mailed to Jay.Dixon@dhhs.nc.gov.

Lastly, this allocation letter includes changes in coding certain federal funding sources. This is necessary for the Division to track and report requirements associated with Federal Funds. Revised federal fund codes are:

<u>Federal Funds</u>	<u>CFDA #</u>	<u>FRC</u>
Mental Health Block Grant	93.958	6Z
Substance Abuse Prevention & Treatment Block Grant	93.959	5X
SAPTBG Prevention Set-A-Side	93.959	XP
SAPTBG HIV Set-A-Side	93.959	X6

If you have any questions as you develop your plans, please contact your LME Liaison. If you need data from the IPRS system that you believe would be beneficial to you in developing your plan, you may contact Eric Johnson, IPRS Team at (919) 733-4460 or Eric.Johnson@dhhs.nc.gov.

Again, we understand the significance of these funding reductions and are committed to working together with you to minimize the negative impact on consumers and providers. If you have any questions on the reductions, please do not hesitate to contact me at (919) 733-7013 or via e-mail Wanda.Mitchell@dhhs.nc.gov

Attachments

cc: Secretary Lanier Cansler
Michael Watson
Beth Melcher
DMH/DD/SAS ELT/MLT
Yvonne Copeland
Rebecca Troutman
Shawn Parker
Renee McCoy

MH Commissioner Chair
The Coalition Chair
SCFAC Chair
Sharnese Ransome
Lisa Hollowell
Kaye Holder
Pam Kilpatrick
John Dervin

